

Multilevel Marketing Business vs. Pyramid Scheme

GET THE FACTS



ARE YOU CONSIDERING STARTING YOUR OWN BUSINESS?

Learn the differences between multilevel marketing companies, or MLMs, and pyramid schemes.



MULTILEVEL MARKETING COMPANY

- Sell products directly to customers.
- Recruit new distributors.
- Personal profits come from sales to customers, not recruiting.
- MLMs are legal business models.

PYRAMID SCHEME

- Gross income is based on the number of people recruited and sales to them.
- Most people involved lose money.
- No real product is sold.
- Pyramid schemes are illegal.

ARE YOU BEING RECRUITED?

ASK THESE QUESTIONS

- How will I be paid?
- What are my potential expenses?
- What is the refund policy on unsold products?
- What were your annual sales last year?
- How long have you been in business?
- How many people have you recruited?
- What percentage of your profits come from recruiting others?
- What percentage of your sales are to other distributors?

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BEFORE YOU DECIDE

- Meet with a personal financial manager or counselor. Visit <https://installations.militaryonesource.mil> or <https://www.jointservicesupport.org/spn> to find a PFM or PFC near you.
- Ask yourself if you would be comfortable selling these products to your family and friends.
- Research the company's products or services, policies and audited financial statements, as well as the states in which it is licensed to do business.
- Check company ratings with the Better Business Bureau at <https://www.bbb.org>.
- Read online reviews from professionals or industry experts.

You have support and resources available. Take time to investigate the opportunity and get answers to your questions. Don't let anyone pressure you into a quick decision.



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